

**TOWN OF SIMMESPORT, LOUISIANA**

Financial Report

Year Ended June 30, 2014

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## INDEPENDENT AUDITORS' REPORT

The Honorable Eric Rusk, Mayor  
and Members of the Council  
Town of Simmesport, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Town of Simmesport, Louisiana (hereinafter, "the Town"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Going Concern***

The accompanying financial statements have been prepared assuming that the Town's going concern issued has been alleviated. As discussed in Note 16 to the financial statements, the Town had a \$211,047 cumulative deficit fund balance in the General Fund as of June 30, 2013. The Town has implemented a plan, incurred a positive change in net position, and generated a positive increase in cash, which has alleviated the matter of being a going concern. Management's plan is discussed in Note 16.

### ***Changes in Accounting Principle***

As described in Note 17 to the financial statements, the Town adopted the provisions of GASB Statement No.65, *Items Previously Reported as Assets and Liabilities*, in 2014. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on 38 and 40 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The accompanying financial information listed as "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedules on pages 43 through 50 and the schedule of compensation paid to elected officials on page 51 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Marksville, Louisiana  
December 19, 2014

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

# TOWN OF SIMMESPORT, LOUISIANA

## Statement of Net Position June 30, 2014

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 361,821	\$ 115,115	\$ 476,936
Receivables, net	56,818	76,994	133,812
Due from other governmental units	8,710	-	8,710
Internal balances	(253,986)	253,986	-
Accrued interest	<u>-</u>	<u>92</u>	<u>92</u>
Total current assets	<u>173,363</u>	<u>446,187</u>	<u>619,550</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	46,679	46,679
Time deposits	-	30,241	30,241
Capital assets:			
Nondepreciable capital assets	24,786	17,636	42,422
Depreciable capital assets, net	<u>853,264</u>	<u>1,578,901</u>	<u>2,432,165</u>
Total noncurrent assets	<u>878,050</u>	<u>1,673,457</u>	<u>2,551,507</u>
Total assets	<u>1,051,413</u>	<u>2,119,644</u>	<u>3,171,057</u>
<b>LIABILITIES</b>			
Current liabilities, payable from current assets:			
Accounts and other payables	20,660	3,490	24,150
Accrued expenses	1,946	12,110	14,056
Capital lease obligations - due within one year	19,754	-	19,754
Bonds due within one year	<u>40,000</u>	<u>11,000</u>	<u>51,000</u>
Total current liabilities, payables from current assets	82,360	26,600	108,960
Current liabilities, payable from restricted assets:			
Meter deposits	-	76,920	76,920
Noncurrent liabilities:			
Bonds due in more than one year	<u>-</u>	<u>191,998</u>	<u>191,998</u>
Total liabilities	<u>82,360</u>	<u>295,518</u>	<u>377,878</u>
<b>NET POSITION</b>			
Net investment in capital assets	818,296	1,393,539	2,211,835
Restricted net position	-	65,920	65,920
Unrestricted net position	<u>150,757</u>	<u>364,667</u>	<u>515,424</u>
Total net position	<u>\$ 969,053</u>	<u>\$ 1,824,126</u>	<u>\$ 2,793,179</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2014

Activities	Expenses	Fees, Fines, and Charges for Services	Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position		
				Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 369,667	\$ -	\$ -	\$(369,667)	\$ -	\$ (369,667)
Public safety:						
Police	232,430	30,571	157,599	(44,260)	-	(44,260)
Fire	5,046	-	-	(5,046)	-	(5,046)
Streets and bridges	162,717	-	-	(162,717)	-	(162,717)
Interest and fiscal charges	6,893	-	-	(6,893)	-	(6,893)
Total governmental activities	<u>776,753</u>	<u>30,571</u>	<u>157,599</u>	<u>\$(588,583)</u>	<u>-</u>	<u>\$(588,583)</u>
Business-type activities:						
Water and Sewer	376,936	417,379	-	-	40,443	40,443
Gas Operations	249,998	326,920	-	-	76,922	76,922
Total business-type activities	<u>626,934</u>	<u>744,299</u>	<u>-</u>	<u>-</u>	<u>117,365</u>	<u>117,365</u>
Total	<u>\$ 1,403,687</u>	<u>\$774,870</u>	<u>\$157,599</u>	<u>\$(588,583)</u>	<u>117,365</u>	<u>\$(471,218)</u>
General revenues:						
Taxes -						
Property taxes, levied for general purposes				21,386	-	21,386
Sales and use taxes, levied for general purposes				368,246	-	368,246
Franchise taxes				96,179	-	96,179
Licenses and permits:						
Occupational and insurance licenses				73,556	-	73,556
Intergovernmental				65,196	-	65,196
Interest and investment earnings				126	154	280
Miscellaneous				78,061	11,711	89,772
Transfers				100,000	(100,000)	-
Total general revenues and transfers				<u>802,750</u>	<u>(88,135)</u>	<u>714,615</u>
Change in net position				214,167	29,230	243,397
Net position - July 1, 2013				<u>754,886</u>	<u>1,794,896</u>	<u>2,549,782</u>
Net position - June 30, 2014				<u>\$ 969,053</u>	<u>\$1,824,126</u>	<u>\$2,793,179</u>

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

TOWN OF SIMMESPORT, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2014

	General	Special Revenue	Non-Major Governmental Fund	Totals
ASSETS				
Cash and interest-bearing deposits	\$ 213,408	\$ 123,639	\$ 24,774	\$ 361,821
Receivables, net	27,397	29,421	-	56,818
Due from other governmental units	8,710	-	-	8,710
Total assets	<u>\$ 249,515</u>	<u>\$ 153,060</u>	<u>\$ 24,774</u>	<u>\$ 427,349</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 20,977	\$ 1,629	\$ -	\$ 22,606
Due to other funds	241,100	12,886	-	253,986
Total liabilities	<u>262,077</u>	<u>14,515</u>	<u>-</u>	<u>276,592</u>
Fund balances:				
Restricted	-	138,545	24,774	163,319
Unassigned (deficit)	(12,562)	-	-	(12,562)
Total fund balances	<u>(12,562)</u>	<u>138,545</u>	<u>24,774</u>	<u>150,757</u>
Total liabilities and fund balances	<u>\$ 249,515</u>	<u>\$ 153,060</u>	<u>\$ 24,774</u>	<u>\$ 427,349</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2014

Total fund balances for governmental funds at June 30, 2014			\$ 150,757
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
Land	\$ 24,786		
Buildings and improvements, net of \$212,488 accumulated depreciation	402,355		
Machinery and equipment net of \$1,102,281 accumulated depreciation	<u>450,909</u>	<u>878,050</u>	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Capital lease payable	\$ (19,754)		
Bonds payable	<u>(40,000)</u>	<u>(59,754)</u>	
Total net position of governmental activities at June 30, 2014			<u>\$ 969,053</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended June 30, 2014

	General	Special Revenue	Capital Projects	Non-major Governmental Fund	Totals
<b>Revenues:</b>					
Taxes	\$ 30,829	\$ 358,802	\$ -	\$ -	\$ 389,631
Licenses and permits	73,556	-	-	-	73,556
Intergovernmental	65,196	-	-	-	65,196
Fines and forfeits	30,571	-	-	-	30,571
Franchise fees	96,179	-	-	-	96,179
Interest income	-	54	-	72	126
Grants and entitlements	26	-	157,573	-	157,599
Miscellaneous	104,932	-	-	-	104,932
Total revenues	<u>401,289</u>	<u>358,856</u>	<u>157,573</u>	<u>72</u>	<u>917,790</u>
<b>Expenditures:</b>					
Current -					
General government	181,510	11,483	-	3,007	196,000
Public safety:					
Police	211,063	-	-	-	211,063
Fire	5,046	-	-	-	5,046
Streets and drainage	133,162	-	-	-	133,162
Capital outlay	-	-	157,574	-	157,574
Debt Service	41,023	-	-	38,000	79,023
Total expenditures	<u>571,804</u>	<u>11,483</u>	<u>157,574</u>	<u>41,007</u>	<u>740,861</u>
Excess (deficiency) of revenues over expenditures	<u>(170,515)</u>	<u>347,373</u>	<u>(1)</u>	<u>(40,935)</u>	<u>176,857</u>
<b>Other financing sources (uses):</b>					
Transfers in	374,000	5,000	-	7,800	386,800
Transfers out	<u>(5,000)</u>	<u>(281,800)</u>	<u>-</u>	<u>-</u>	<u>(286,800)</u>
Total other financing sources (uses)	<u>369,000</u>	<u>(276,800)</u>	<u>-</u>	<u>7,800</u>	<u>100,000</u>
Net changes in fund balances	198,485	70,573	(1)	(33,135)	235,922
Fund balances (deficit), beginning	<u>(211,047)</u>	<u>67,972</u>	<u>1</u>	<u>57,909</u>	<u>(85,165)</u>
Fund balances (deficit), ending	<u>\$ (12,562)</u>	<u>\$ 138,545</u>	<u>\$ -</u>	<u>\$ 24,774</u>	<u>\$ 150,757</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2014

Total net changes in fund balances at June 30, 2014	
Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 235,922
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	
Depreciation expense for the year ended June 30, 2014	(73,906)
Principal retirement considered as an expenditure on the Statement of Revenues, Expenditures and Changes in Fund Balance.	79,023
In the Statement of Activities, the loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. However, in the Statement of Net Assets, the difference between the sales price and adjusted basis of the property is recorded as a loss.	<u>(26,872)</u>
Total changes in net position at June 30, 2014 per Statement of Activities	<u>\$ 214,167</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Combining Statement of Net Position  
Proprietary Funds  
June 30, 2014

	Water & Sewer System	Natural Gas System	Totals
<b>ASSETS</b>			
Current assets:			
Cash and interest bearing deposits	\$ 60,631	\$ 54,484	\$ 115,115
Receivables:			
Accounts (net of allowance)	56,556	20,438	76,994
Accrued interest	20	72	92
Due from other funds	<u>254,179</u>	<u>-</u>	<u>254,179</u>
Total current assets	<u>371,386</u>	<u>74,994</u>	<u>446,380</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest bearing deposits	20,338	26,341	46,679
Time deposits	6,700	23,541	30,241
Capital assets -			
Nondepreciable assets	17,636	-	17,636
Depreciable capital assets, net	<u>1,434,874</u>	<u>144,027</u>	<u>1,578,901</u>
Total noncurrent assets	<u>1,479,548</u>	<u>193,909</u>	<u>1,673,457</u>
Total assets	<u>1,850,934</u>	<u>268,903</u>	<u>2,119,837</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	3,490	-	3,490
Accrued expenses	8,754	3,356	12,110
Due to other funds	-	193	193
Payable from restricted assets -			
Revenue bonds	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Total current liabilities	<u>23,244</u>	<u>3,549</u>	<u>26,793</u>
Noncurrent liabilities:			
Customers' deposits	27,038	49,882	76,920
Revenue bonds payable	<u>191,998</u>	<u>-</u>	<u>191,998</u>
Total noncurrent liabilities	<u>219,036</u>	<u>49,882</u>	<u>268,918</u>
Total liabilities	<u>242,280</u>	<u>53,431</u>	<u>295,711</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,249,512	144,027	1,393,539
Restricted net position	16,038	49,882	65,920
Unrestricted net position	<u>343,104</u>	<u>21,563</u>	<u>364,667</u>
Total net position	<u>\$1,608,654</u>	<u>\$ 215,472</u>	<u>\$1,824,126</u>

The accompanying notes are an integral part of the basic financial statements.

# TOWN OF SIMMESPORT, LOUISIANA

## Combining Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Year Ended June 30, 2014

	Water & Sewer System	Natural Gas System	Totals
Operating revenues:			
Charges for services -			
Gas charges	\$ -	\$ 320,182	\$ 320,182
Water service charges	231,771	-	231,771
Sewer service charges	168,352	-	168,352
Installation and other charges	17,256	6,738	23,994
Total operating revenues	<u>417,379</u>	<u>326,920</u>	<u>744,299</u>
Operating expenses:			
General government	33,772	26,219	59,991
Water system	165,026	-	165,026
Sewer system	178,138	-	178,138
Natural gas system	-	223,779	223,779
Total operating expenses	<u>376,936</u>	<u>249,998</u>	<u>626,934</u>
Operating income	<u>40,443</u>	<u>76,922</u>	<u>117,365</u>
Nonoperating revenues:			
Miscellaneous revenue	11,711	-	11,711
Interest income	103	51	154
Total nonoperating revenues	<u>11,814</u>	<u>51</u>	<u>11,865</u>
Income before transfers	<u>52,257</u>	<u>76,973</u>	<u>129,230</u>
Operating transfers out	(40,000)	(60,000)	(100,000)
Change in net position	12,257	16,973	29,230
Net position, beginning	<u>1,596,397</u>	<u>198,499</u>	<u>1,794,896</u>
Net position, ending	<u>\$ 1,608,654</u>	<u>\$ 215,472</u>	<u>\$ 1,824,126</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Combining Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2014

	Water & Sewer Fund	Natural Gas Fund	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 404,973	\$ 323,435	\$ 728,408
Payments to suppliers	(159,119)	(179,042)	(338,161)
Payments to employees	(140,811)	(50,723)	(191,534)
Net cash provided by operating activities	<u>105,043</u>	<u>93,670</u>	<u>198,713</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(163,188)	-	(163,188)
Miscellaneous income	712	-	712
Operating transfers out from other funds	(40,000)	(60,000)	(100,000)
Increase (decrease) in due (from) to other funds	(28,801)	17,684	(11,117)
Increase in revenue bonds payable	<u>158,084</u>	<u>-</u>	<u>158,084</u>
Net cash used by capital and related financing activities	<u>(73,193)</u>	<u>(42,316)</u>	<u>(115,509)</u>
Cash flows from investing activities:			
Interest received on interest-bearing deposits	<u>104</u>	<u>51</u>	<u>155</u>
Net increase in cash and cash equivalents	31,954	51,405	83,359
Cash and cash equivalents, beginning of period	<u>49,015</u>	<u>29,420</u>	<u>78,435</u>
Cash and cash equivalents, end of period	<u>\$ 80,969</u>	<u>\$ 80,825</u>	<u>\$ 161,794</u>

(continued)

TOWN OF SIMMESPORT, LOUISIANA

Combining Statement of Cash Flows  
Proprietary Funds (Continued)  
For the Year Ended June 30, 2014

	Water & Sewer Fund	Natural Gas Fund	Totals
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 40,443	\$ 76,922	\$ 117,365
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	87,384	23,450	110,834
Changes in current assets and liabilities:			
Increase in accounts receivable	(16,951)	(6,955)	(23,906)
Decrease in accounts payable	(19,132)	(6,574)	(25,706)
Increase in customer deposits	4,545	3,471	8,016
Increase in other payables	8,754	3,356	12,110
Net cash provided by operating activities	<u>\$ 105,043</u>	<u>\$ 93,670</u>	<u>\$ 198,713</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and cash equivalents, beginning of period -			
Cash - unrestricted	\$ 33,222	\$ 6,550	\$ 39,772
Cash - restricted	15,793	22,870	38,663
Interest-bearing deposits - restricted	6,700	23,541	30,241
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(6,700)</u>	<u>(23,541)</u>	<u>(30,241)</u>
Total cash and cash equivalents, beginning of period	<u>49,015</u>	<u>29,420</u>	<u>78,435</u>
Cash and cash equivalents, end of period -			
Cash - unrestricted	60,631	54,484	115,115
Cash - restricted	20,338	26,341	46,679
Interest-bearing deposits - restricted	6,700	23,541	30,241
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(6,700)</u>	<u>(23,541)</u>	<u>(30,241)</u>
Total cash and cash equivalents, end of period	<u>80,969</u>	<u>80,825</u>	<u>161,794</u>
Net increase	<u>\$ 31,954</u>	<u>\$ 51,405</u>	<u>\$ 83,359</u>

The accompanying notes are an integral part of the basic financial statements.

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to the Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Simmesport, Louisiana (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental unites. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

The Town of Simmesport, Louisiana was incorporated in 1925, under the provisions of the Lawrason Act. The Town began operating under a Mayor-Council form of government.

As the municipal governing authority, for reporting purposes, the Town of Simmesport, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and (d) organizations that are closely related to, or financially integrated with the primary government.

Government Accounting Standards Board Statement (GASB) Statement No.14 as amended by Statement No. 39 established criteria for determining which component units should be considered part of the Town of Simmesport, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and;
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the municipality does not appoint a voting majority, but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship if all of the following conditions exist:
4. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship if all of the following conditions exist

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

- a. The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
  - b. The primary government (or its component units) is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
  - c. The economic resources received or held by an individual organization that the specific primary government (or its component units) is entitled to, or has the ability to otherwise access, are significant to that primary government.
5. Organizations that are closely related to, or financially integrated with the primary government.

Based upon the application of the foregoing criteria, the Volunteer Fire Department is not considered a part of the Town and is thus excluded from the accompanying financial statements. This organization is staffed by volunteers and although the Town may provide facilities and some of its financing, no control is exercised over its operations. These financial include only expenditures paid or incurred directly by the Town.

#### B. Basis of Presentation

##### Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

##### Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Town are described below:

#### Governmental Funds -

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Sales Tax Special Revenue Fund is used to account for the proceeds of one and a half percent sales and use tax that is legally restricted to expenditures for specific purposes.

Additionally, the Town reports the following fund types:

#### Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

#### Debt service funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

#### Capital projects funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Proprietary Funds –

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income, financial position, and cash flows. The following are the Town's proprietary fund types:

#### Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise funds are the Water and Sewer Fund and the Natural Gas Fund.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Position

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues, expenditures, expenses, and transfers – and assets, deferred outflows of resources, liabilities, and deferred inflows or resources – are recognized in the accounts and reported in the financial statements.

#### Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

#### Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

#### Allocation of indirect expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

##### Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town.

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The Town may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

For the purpose of the proprietary funds statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

##### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. No allowance for uncollectible receivables is recorded due to the immateriality at June 30, 2014. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

##### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary funds that are legally restricted as to their use. The restricted assets in the sewer and water utility funds are related to the utility meter deposits.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Land improvements (infrastructure)	10-5 years
Building and building improvements	20-50 years
Service vehicles and moveable equipment	7-15 years
Heavy equipment	10-20 years
Office furniture	5-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

#### Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the public improvement bonds payable, revenue bonds payable, compensated absences, net other post employment benefits and utility meter deposits payable.

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

#### Compensated Absences

Town employees are eligible for vacation or sick leave in accordance with the Town's Employee Handbook and Policy Manual adopted in December 2009 and revised in 2014. The policy does not allow vacation time to be accumulated past the year in which it was granted. Sick leave is lost upon separation from employment; therefore there is no liability recorded in these financial statements for sick leave. It is the Town's policy to recognize the costs of compensated absences when actually paid to employees.

For fund financial statements, vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the governmental fund that will pay it. In the government-wide statements, amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term debt.

Compensated absences payable in the amount \$7,940 has been recorded as of June 30, 2014.

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources and deferred inflows of resources as of June 30, 2014.

#### Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments;

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

- c. Unrestricted net position – Consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications based on the constraints imposed on the use of these resources. As such, fund balances of the governmental funds are classified as follows.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Town’s Mayor and Council, which is the highest level of decision-making authority for the Town.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal decision of the Mayor and City Council.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in its commitment or assignment actions.

Proprietary fund equity is classified the same as in the government-wide statements.

# TOWN OF SIMMESPORT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

### E. Revenues, Expenditures, and Expenses

#### Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

#### Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

#### Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

### F. Revenue Restrictions

The Town various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restriction of Use</u>
Ad valorem taxes	See Note 9
Sales tax	See Note 10
Sewer and sewer revenue	Utility operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

### G. Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

1. The City Administrator prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Council not later than May 15<sup>th</sup> of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted prior to the commencement of the fiscal year for which the budget is being adopted but no later than June 15<sup>th</sup> of each fiscal year.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Council. Such amendments were not material in relation to the original appropriations.

#### H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

#### (2) Cash and Interest Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2014, the Town had cash and cash equivalents (book balance) totaling \$553,856 as follows:

# TOWN OF SIMMESPORT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

Cash	\$ 523,615
Time deposits	30,241
Total	<u>\$ 553,856</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at June 30, 2014, and the related federal insurance and pledged securities.

Bank Balances	\$ 589,008
Insured	441,950
Uninsured and collateral held by the pledging bank not in the Town's name	17,543
Total FDIC insurance and pledged securities	<u>\$ 459,493</u>
Amount uncollateralized	<u>\$ 129,515</u>

Deposits in the amount of \$17,543 were exposed to custodial credit risk. The deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not the Town's name (Category 3 deposits).

### (3) Receivables

Receivables at June 30, 2014 of \$133,812 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts, net	\$ -	\$ 56,564	\$ 56,564
Unbilled utility	-	20,430	20,430
Ad valorem tax	747	-	747
Sales tax	29,421	-	29,421
Franchise tax	20,568	-	20,568
Licenses and permits	6,082	-	6,082
	<u>\$ 56,818</u>	<u>\$ 76,994</u>	<u>\$ 133,812</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Due from Other Governmental Units

Amounts due from other governmental units of \$8,710 at June 30, 2014 consisted of the following:

Governmental activities:

State of Louisiana - Video Poker	\$ 7,335
State of Louisiana - Beer Tax	<u>1,375</u>
Total	<u>\$ 8,710</u>

(5) Restricted Assets – Proprietary Fund

Restricted assets were applicable to the following at June 30, 2014:

Customer meter deposits	<u>\$ 76,920</u>
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(6) Interfund Receivables and Payables

The following is a summary of interfund receivable and payable balances at June 30, 2014:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General fund	\$ -	\$ 241,100
Special revenue fund	-	12,886
Enterprise fund	<u>254,179</u>	<u>193</u>
Totals	<u>\$ 254,179</u>	<u>\$ 254,179</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Capital Assets

Capital assets and depreciation activity for the year ended June 30, 2014, was as follows:

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 24,786	\$ -	\$ -	\$ 24,786
Capital assets being depreciated:				
Buildings and improvements	614,843	-	-	614,843
Machinery and equipment	1,589,840	-	36,650	1,553,190
Totals	2,229,469	-	36,650	2,192,819
Less accumulated depreciation:				
Buildings and improvements	204,253	18,013	9,778	212,488
Machinery and equipment	1,046,388	55,893	-	1,102,281
Total accumulated depreciation	1,250,641	73,906	9,778	1,314,769
Governmental activities, capital assets, net	<u>\$ 978,828</u>	<u>\$ (73,906)</u>	<u>\$ 26,872</u>	<u>\$ 878,050</u>

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 17,636	\$ -	\$ -	\$ 17,636
Construction in progress	42,947	-	42,947	-
Other capital assets:				
Water system plant and equipment	1,267,871	-	-	1,267,871
Sewer system plant and equipment	2,273,658	206,135	-	2,479,793
Gas system plant and equipment	1,028,763	-	-	1,028,763
Totals	4,630,875	206,135	42,947	4,794,063
Less accumulated depreciation:				
Water system plant and equipment	1,183,733	17,983	-	1,201,716
Sewer system plant and equipment	1,041,670	69,403	-	1,111,073
Gas system plant and equipment	861,287	23,450	-	884,737
Total accumulated depreciation	3,086,690	110,836	-	3,197,526
Business-type activities, capital assets, net	<u>\$ 1,544,185</u>	<u>\$ 95,299</u>	<u>\$ 42,947</u>	<u>\$ 1,596,537</u>

# TOWN OF SIMMESPORT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

### (8) Changes in Long-Term Debt

The following is a summary capital leases and bond transactions of the Town for the year ended June 30, 2014:

	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2014</u>	<u>Amount due in one year</u>
Governmental activities:					
General obligation bonds	\$ 78,000	\$ -	\$ 38,000	\$ 40,000	\$ 40,000
Capital lease	60,777	-	41,023	19,754	19,754
Total governmental activities	<u>138,777</u>	<u>-</u>	<u>79,023</u>	<u>59,754</u>	<u>59,754</u>
Business-type activities:					
Sewer revenue bonds	<u>55,914</u>	<u>169,084</u>	<u>22,000</u>	<u>202,998</u>	<u>11,000</u>
Total	<u>\$ 194,691</u>	<u>\$ 169,084</u>	<u>\$ 101,023</u>	<u>\$ 262,752</u>	<u>\$ 70,754</u>

Bonds payable at June 30, 2014 are comprised of the following individual issues:

#### Governmental activities:

<u>General Obligation Debt</u>	<u>Outstanding Balance</u>
\$362,000 - 2004 Sales Tax Bonds dated April 8, 2004 (refunding of bonds dated March 13, 1990), due in annual instalments of \$28,000 to \$40,000 with interest of 3.85%; matures March 1, 2015, secured by excess general fund revenues and proceeds of the sales tax	<u>\$ 40,000</u>

A total of \$24,774 is available in the Debt Service Fund to service the General Obligation Debt.

#### Capital Lease Obligations

Capital lease obligations outstanding at year end consist of an agreement with Red River Bank dated September 25, 2012 for two police units with original costs of \$73,330 which all was financed bearing interest at a rate of 4.95%, payable in forty-eight (48) monthly payments of \$1,692 beginning October 25, 2012 and ending September 25, 2016. During the year ended June 30, 2014, one of the units was totaled and insurance proceeds of \$24,628 were paid towards the principal balance which leaves and outstanding balance of \$19,754.

# TOWN OF SIMMESPORT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

Leased equipment and vehicles under capital lease are included in capital assets at June 30, 2014 as follows:

Equipment and vehicles	\$ 36,650
Less: Accumulated depreciation	<u>(14,049)</u>
Net	<u>\$ 22,601</u>

Depreciation of leased equipment and vehicles under capital leases in the amount of \$7,330 for the year ended June 30, 2014 is included in depreciation expense.

Business – type activities:

Sewer Revenue Bonds Payable	Outstanding Balance
\$236,000 - 2011 Sewer Revenue Bonds net yet fully funded as of June 30, 2014 Initial draws on total bonds approved for \$236,000,	<u>\$ 202,998</u>

As of June 30, 2014, the Town had a total of \$15,208 in the Sinking Fund and \$6,126 in the Reserve Fund. The bonds had not yet been fully funded; however, payments started in June 2013. The annual requirements to amortize the current balance outstanding as of June 30, 2014, including interest payments are as follows:

Year ending June 30,	Business-Type Activities		Total
	Principal payments	Interest payments	
2015	\$ 11,000	\$ 482	\$ 11,482
2016	11,000	457	11,457
2017	11,000	432	11,432
2018	11,000	407	11,407
2019	12,000	383	12,383
2020-2024	60,000	1,519	61,519
2025-2029	61,000	761	61,761
2030-2031	25,998	86	26,084
Total	<u>\$ 202,998</u>	<u>\$ 4,527</u>	<u>\$ 207,525</u>

### (9) Ad Valorem Taxes

Ad valorem taxes attached as an enforceable lien on property as of March 2nd of each year. Taxes are levied by the Town in November of each year and payable by March 1st of the year following. The Town bills and collects its own property taxes and they are recognized as revenues when levied to the extent that they result in current receivables. Property assessments are based on valuations made by the tax assessor of Avoyelles Parish.

For the year ended June 30, 2014, taxes of 4.98 mills were levied on property with assessed valuations totaling \$4,294,378 and were dedicated to general maintenance.

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

Total taxes levied were \$21,386. Taxes receivable at June 30, 2014 was \$747.

(10) Sales Tax Collection Agreement

On June 5, 1992, the Town of Simmesport, Louisiana entered into an intergovernmental agreement with the Avoyelles Parish School Board for a one year period commencing on July 1, 1992, whereby the School Board will collect the sales and use taxes, including interest, penalties, fees and cost, levied by the Town of Simmesport, Louisiana under the Town's ordinances. The collection fee charged is a monthly fee of 1 1/2% of the gross tax revenues collections to the Town of Simmesport. Tax collections are remitted on a monthly basis no later than the 10th day of each month after reasonable and necessary cost and expenses of collection in administration of the taxes have been deducted, including the collection fee. This agreement is renewed automatically each year.

(11) General Obligation Sinking Fund Requirements

A. Under the terms of the \$362,000 - 2004 Sales Tax Bond dated April 8, 2004, the Town is required to establish and maintain the following accounts for payment principal and interest on the Bond:

1. "Sales Tax Bonds, Series 2004, Sinking Fund" and to transfer thereto, on a monthly basis, an amount constituting 1/12th of the next maturing installment of principal and interest on the Bond.

The balance in the sinking fund as of June 30, 2014, totaled \$16,302.

2. "Sales Tax Bond, Series 2004, Reserve Fund" is to be maintained solely for the purpose of paying the principal of and interest on bonds payable from the Debt Service Fund as to which there would otherwise be default. The Reserve is required to be funded in an amount equal to the lesser of (i) 10% of the principal amount of the bonds and (ii) the highest combined principal and interest requirements for any succeeding bond year on the bonds. The balance in the reserve fund as of June 30, 2014, totaled \$8,472.

For the period under audit, required transfers to the funds were not made in compliance with the General Obligations Sinking Fund Requirements.

(12) Retirement Commitments

Police officers are eligible to participate in the Municipal and State Police Retirement System of Louisiana, a multiple-employer public employee retirement system. For the fiscal year ended June 30, 2014 no eligible employees elected to participate in this plan. All employees are covered by the Social Security System. The town also offers its employees participation in a deferred compensation plan. Pertinent information relative to each plan follows:

A. Social Security System

Employees of the Town who are not eligible to participate in any other retirement system are members of the Social Security System. The City and its employees contribute a percentage of each employee's salary to the System (6.2

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

percent contributed by the City; 6.2 percent contributed by the employee). The City's contributions during the years ending June 30, 2014 amounted to \$26,859.

B. Deferred Compensation Plan

The Town offers its employees participation in the State of Louisiana Public Employees Deferred Compensation Plan adopted by the Louisiana Deferred Compensation Commission and established in accordance with Internal Revenue Code Section 457. Complete disclosure relating to the plan are included in the separately issued audit report for the plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana, 70804-9397.

(13) Franchise Agreements

The Town entered into franchise agreements with various public utility companies that provide services within the corporate limits of the Town. A summary of each such agreement follows:

- A. CenturyTel (formerly Central Louisiana Telephone Company) - Effective July 1, 2012 for a period of five (5) years. Franchise fee is based on four percent (4%) of gross revenues derived from exchange station services rendered within the Town limits of the Town. Fees are payable quarterly within thirty (30) days following the expiration of the quarter. As additional consideration the Town is provided free of charge, four (4) local access lines.
- B. Central Louisiana Electric Company, Inc. - (CLECO) - Effective July 22, 2009 for a period of fifteen (15) years. Franchise fee is based on four percent (4%) of the gross receipts from sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the limits of the Town. Fees are payable quarterly within thirty (30) days of the end of the quarter. Other franchise provisions are as follows:
  - 1. Franchise payments will be reduced in an amount equal to the sum of any new or increased taxes of any nature whatsoever levied by the municipality and payable by CLECO (except uniform ad valorem taxes, based on property values).
  - 2. CLECO will provide free electric service to the Town and reduced street light rates until July 2024. Thereafter, prevailing commercial rates shall apply and street lights rates will increase.
- C. Cable or Video Franchise agreement - Effective November 8, 2010, the town adopted an ordinance requiring all persons or entities providing cable or video services to the citizens of Simmesport to pay a franchise fee of four percent (4%) of the cable or video service provider's gross revenues derived from operations within the Simmesport municipal limits.

(14) Subsequent Events

Subsequent events were evaluated through December 19, 2014, which is the date the financial statements were available to be issued. No material events have occurred since June 30, 2014, that required recognition or disclosure in the financial statements other than as previously mentioned.

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

(15) Litigation

At June 30, 2014, there was no litigation pending against the Town.

(16) Alleviation of Going Concern

The Town implemented an action plan as outlined below at the end of fiscal year 2013 to reduce spending and attempt to reverse the financial impact of cumulative overspending in the general fund. The Town's deficit fund balance in the general fund was reduced from \$211,047 at June 30, 2013 to \$12,562 at June 30, 2014. All funds of the Town operated at a surplus for the current year.

The action plan approved by the Mayor and Council at the end of fiscal year 2013 to reduce spending in the general fund included the following:

- the release of two full-time employees
- reduced the office staff to a thirty-two hour work week
- eliminated all overtime
- reduced employee benefits paid by the Town
- sold commercial property and police units that are not needed by the Town to generate revenue and reduce insurance costs
- limited spending by tightening the purchase order approval process
- appointed council members to committees to look into increasing occupational license fees and other revenue sources
- mandated a reduction in scheduling of Police Officers to minimize Police payroll expense and encouraged the use of one patrol car per shift to reduce operating costs
- eliminated all festivals and Christmas parties being hosted by the Town
- minimized billing adjustments to utility bills and tightening the collection procedures to reduce the amount of write-offs

As of the date of this report, the Town's efforts to adhere to its approved action plan are ongoing. The mayor and Council members have taken a more active role in the overall administration of the Town and the overseeing of the daily operations in an attempt to overcome the uncertain financial situation. As a result, the substantial doubt about the Town's ability to continue as a going concern is considered to be alleviated.

(17) New Accounting Pronouncements

A. Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*

In April 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of GASB No. 65 were implemented by the Town during the year ending June 30, 2014.

# TOWN OF SIMMESPORT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

### B. Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*

In June 2012, the GASB approved Statement No. 68, Accounting and Financial Reporting for Pensions. GASB Statement No. 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet the criteria established by this standard. The provisions of GASB Statement No. 68 must be implemented by the Town for the year ending June 30, 2015. The effect of implementation on the Town's financial statements has not been determined.

### (18) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards, workers' compensation and employee dishonesty. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year nor have settlements exceeded coverage for the past three years

### (19) Excess of Expenditures Over Appropriations

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2014:

General Fund	\$ 12,999
Sales Tax Fund	7,613

### (21) Deficit Fund Balance

The General Fund had a deficit fund balance at June 30, 2014 of (\$12,562). The Town has taken specific actions to reduce this deficit. See Note 16 for further detail.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

TOWN OF SIMMESPORT, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 33,560	\$ 33,560	\$ 30,829	\$ (2,731)
Franchise fees	111,460	111,460	96,179	(15,281)
Licenses and permits	82,511	57,386	73,556	16,170
Intergovernmental	90,575	48,000	65,196	17,196
Fines and forfeits	80,930	38,000	30,571	(7,429)
Miscellaneous	28,135	54,135	104,932	50,797
Grants and entitlements	2,638	2,638	26	(2,612)
Total revenues	<u>429,809</u>	<u>345,179</u>	<u>401,289</u>	<u>56,110</u>
Expenditures:				
General government	210,296	188,295	181,510	6,785
Public safety:				
Police	235,550	209,650	211,063	(1,413)
Fire	5,000	9,200	5,046.00	4,154
Streets and drainage	133,700	129,830	133,162	(3,332)
Debt service	21,830	21,830	41,023	(19,193)
Total expenditures	<u>606,376</u>	<u>558,805</u>	<u>571,804</u>	<u>(12,999)</u>
Deficiency of revenues over expenditures	<u>(176,567)</u>	<u>(213,626)</u>	<u>(170,515)</u>	<u>43,111</u>
Other financing sources (uses):				
Operating transfers in	274,000	374,000	374,000	-
Operating transfers out	-	-	(5,000)	(5,000)
Total other financing sources (uses)	<u>274,000</u>	<u>374,000</u>	<u>369,000</u>	<u>(5,000)</u>
Excess of revenues and other sources over expenditures and other uses	97,433	160,374	198,485	38,111
Fund balance (deficit), beginning	<u>(211,047)</u>	<u>(211,047)</u>	<u>(211,047)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (113,614)</u>	<u>\$ (50,673)</u>	<u>\$ (12,562)</u>	<u>\$ 38,111</u>

TOWN OF SIMMESPORT, LOUISIANA  
Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 350,000	\$ 350,000	\$ 358,802	\$ 8,802
Miscellaneous - interest	25	25	54	29
Total revenues	350,025	350,025	358,856	8,831
Expenditures:				
General government	3,870	3,870	11,483	(7,613)
Excess of revenues over expenditures	346,155	346,155	347,373	1,218
Other financing sources (uses):				
Operating transfers in	-	-	5,000	(5,000)
Operating transfers out	(315,000)	(315,000)	(281,800)	33,200
Total other financing sources (uses)	(315,000)	(315,000)	(276,800)	28,200
Excess of revenues and other sources over expenditures and other uses	31,155	31,155	70,573	29,418
Fund balances, beginning	67,972	67,972	67,972	-
Fund balances, ending	\$ 99,127	\$ 99,127	\$ 138,545	\$ 29,418

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to the Budgetary Comparison Schedules For the Year Ended June 30, 2014

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. Annual budgets are adopted for the General Fund, Sales Tax Fund, Debt Service Funds, Capital Projects Funds (if any) and the Enterprise Funds. The Town maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Mayor and Board of Aldermen. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund. Budgeted amounts presented are as originally adopted. There were no amendments for the current fiscal year. Budgetary appropriation lapse and the end of each fiscal year and must be re-appropriated for the following year in order to be expended.

## **OTHER SUPPLEMENTARY INFORMATION**

## **OTHER INFORMATION**

TOWN OF SIMMESPORT, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Current -			
General government:			
Salaries	\$ 79,000	\$ 77,537	\$ 1,463
Payroll taxes	6,400	5,878	522
Legal and auditing	18,700	19,690	(990)
Insurance	13,200	7,408	5,792
Assessor fees	1,800	1,475	325
Miscellaneous	1,025	3,966	(2,941)
Office supplies and postage	2,850	3,175	(325)
Publications and printing	2,300	1,576	724
Dues and subscriptions	1,000	537	463
Town hall expense	7,800	8,825	(1,025)
Telephone expense	9,500	10,135	(635)
Utilities	-	345	(345)
Drug testing expense	750	683	67
Community center expense	2,500	2,699	(199)
Travel	3,950	5,109	(1,159)
Bank charges	-	52	(52)
Repairs and maintenance	5,000	6,510	(1,510)
Park expense	5,000	4,871	129
Civic center expense	-	113	(113)
Advertising expense	670	667	3
Tourist center expense	350	714	(364)
Council on Aging	4,500	5,010	(510)
Material and supplies	1,000	1,337	(337)
Prisoner rations	-	413	(413)
Coroner's expense	-	3,455	(3,455)
Lease payments	-	2,265	(2,265)
Party expense - Simmesport Cares	1,000	4,728	(3,728)
Office expense - Simmesport Cares	-	23	(23)
Security	-	40	(40)

(continued)

TOWN OF SIMMESPORT, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the year Ended June 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General government (continued):			
Donations to other organizations - SAYA	-	375	(375)
Dues and subscriptions - SAYA	-	45	(45)
Event expense - SAYA	20,000	492	19,508
Miscellaneous - SAYA	-	1,338	(1,338)
Sales tax expense - SAYA	-	5	(5)
Supplies - SAYA	-	19	(19)
Total General government	<u>188,295</u>	<u>181,510</u>	<u>6,785</u>
Police:			
Salaries	150,000	146,527	3,473
Payroll taxes	1,250	10,209	(8,959)
Police supplemental pay	11,500	-	11,500
Insurance	10,000	15,504	(5,504)
Drug testing expense	-	104	(104)
Miscellaneous	1,200	1,200	-
Telephone expense	3,200	2,853	347
Travel expense	-	600	(600)
Witness fees	450	-	450
Prisoner rations	450	414	36
Truck expense	-	217	(217)
Medical expenses	100	-	100
Police uniforms	2,500	2,411	89
Police academy	-	175	(175)
Material and supplies	-	2,065	(2,065)
Repairs and maintenance	-	527	(527)
Police supplies	7,500	7,948	(448)
Patrol car expenses	3,500	3,424	76
Patrol car - fuel	18,000	16,885	1,115
Total Police	<u>209,650</u>	<u>211,063</u>	<u>(1,413)</u>

(continued)

TOWN OF SIMMESPORT, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Streets and drainage:			
Salaries	23,500	19,331	4,169
Payroll taxes	2,000	1,516	484
Insurance	3,700	4,359	(659)
Miscellaneous	-	297	(297)
Telephone	1,500	1,590	(90)
Utilities	650	591	59
Bank charges	-	5	(5)
Repairs and maintenance	7,100	9,327	(2,227)
Tractor expense	4,200	6,114	(1,914)
Tractor expense - fuel	(500)	3,177	(3,677)
Fuel/mower-weedeaters	500	820	(320)
Vapor lights	59,650	58,076	1,574
Lease payments	-	4,926	(4,926)
Prisoner rations	1,030	1,569	(539)
Materials and supplies	15,000	15,865	(865)
Truck expenses	4,500	3,199	1,301
Truck expenses - fuel	7,000	2,400	4,600
Total Streets and drainage	<u>129,830</u>	<u>133,162</u>	<u>(3,332)</u>
Fire:			
Appropriations	5,000	-	5,000
Telephone expense	1,600	1,728	(128)
Utilities	2,600	3,318	(718)
Total Fire	<u>9,200</u>	<u>5,046</u>	<u>4,154</u>
Debt Service:			
Lease payments	<u>21,830</u>	<u>41,023</u>	<u>(19,193)</u>
 Total Expenditures	 <u>\$ 558,805</u>	 <u>\$ 571,804</u>	 <u>\$ (12,999)</u>

TOWN OF SIMMESPORT, LOUISIANA  
Enterprise Fund  
Water and Sewer Fund

Budgetary Comparison Schedule - Expenditures  
For the year Ended June 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Water System:			
Salaries	\$ 70,000	\$ 72,197	\$ (2,197)
Payroll taxes	6,000	4,932	1,068
Insurance	6,000	5,300	700
Miscellaneous	-	283	(283)
Legal and auditing	-	1,969	(1,969)
Telephone expense	350	603	(253)
Utilities	22,500	22,621	(121)
Repairs and maintenance	5,000	5,985	(985)
Lease payments	1,500	-	1,500
Publications and printing	-	154	(154)
Office supplies and postage	500	297	203
Dues and subscriptions	1,500	1,426	74
Drug testing	-	42	(42)
Travel expense	650	132	518
Bank charges	-	91	(91)
Material and supplies	16,600	15,649	951
Tractor expense	-	104	(104)
Truck expense	1,000	2,097	(1,097)
Truck expense - fuel	8,000	8,494	(494)
Chemicals	4,300	4,662	(362)
Depreciation	18,000	17,983	17
Interest expense	500	-	500
Fuel - weed eater	-	5	(5)
Bad debt expense	500	-	500
Total Water System	<u>162,900</u>	<u>165,026</u>	<u>(2,126)</u>

(continued)

TOWN OF SIMMESPORT, LOUISIANA  
Enterprise Fund  
Water and Sewer Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the year Ended June 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Sewer System			
Salaries	46,500	44,788	1,712
Payroll taxes	3,500	3,417	83
Insurance	800	1,686	(886)
Miscellaneous	500	603	(103)
Utilities	45,000	44,503	497
Repairs and maintenance	9,000	4,241	4,759
Drug testing	-	12	(12)
Office supplies and postage	-	178	(178)
Telephone	400	346	54
Dues and subscriptions	-	130	(130)
Advertising	-	70	(70)
Travel	-	462	(462)
Materials and supplies	1,600	2,595	(995)
Tractor expense	-	104	(104)
Tractor expense - fuel	1,500	1,010	490
Chemicals	3,500	2,557	943
Depreciation	60,800	69,403	(8,603)
Interest expense - 2011 issue	-	2,033	(2,033)
Bad debt expense	500	-	500
Total Sewer System	<u>173,600</u>	<u>178,138</u>	<u>(4,538)</u>

(continued)

TOWN OF SIMMESPORT, LOUISIANA  
Enterprise Fund  
Water and Sewer Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the year Ended June 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General and Administrative			
Salaries	23,000	22,457	543
Payroll taxes	1,800	1,773	27
Legal and auditing	6,500	6,045	455
Insurance	-	1,205	(1,205)
Miscellaneous	100	28	72
Office supplies and postage	1,800	1,328	472
Bank charges	260	121	139
Lease payments	1,800	815	985
Dues and subscriptions	200	-	200
Repairs and maintenance	600	-	600
Total General and Administrative	<u>36,060</u>	<u>33,772</u>	<u>2,288</u>
 Total Water and Sewer Fund	 <u>\$ 372,560</u>	 <u>\$ 376,936</u>	 <u>\$ (4,376)</u>

TOWN OF SIMMESPORT, LOUISIANA  
Enterprise Fund  
Natural Gas System Fund

Budgetary Comparison Schedule - Expenditures  
For the year Ended June 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Natural Gas			
Salaries	\$ 32,000	\$ 34,676	\$ (2,676)
Payroll taxes	2,500	2,457	43
Insurance	15,000	19,790	(4,790)
Miscellaneous	-	398	(398)
Dues and subscriptions	-	475	(475)
Repairs and maintenance	4,500	4,185	315
Drug testing	385	198	187
Lease payments	3,000	-	3,000
Telephone	1,000	829	171
Legal and auditing	-	1,969	(1,969)
Utilities	2,100	1,279	821
Uniforms	(700)	175	(875)
Office supplies	500	799	(299)
Medical expense	-	-	-
Material and supplies	6,300	6,758	(458)
Tractor expense	-	104	(104)
Truck expense	6,700	5,795	905
Truck expense - fuel	-	6,579	(6,579)
Fines and penalties	1,500	1,500	-
Depreciation	25,000	23,450	1,550
Gas purchase	<u>76,000</u>	<u>112,363</u>	<u>(36,363)</u>
Total Natural Gas	<u>175,785</u>	<u>223,779</u>	<u>(47,994)</u>

(continued)

TOWN OF SIMMESPORT, LOUISIANA  
Enterprise Fund  
Natural Gas System Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the year Ended June 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General and Administrative			
Salaries	18,000	15,703	2,297
Payroll taxes	1,500	1,243	257
Legal and auditing	6,500	6,045	455
Insurance	-	1,205	(1,205)
Office supplies and postage	1,800	1,095	705
Materials and supplies	-	47	(47)
Lease payments	1,800	815	985
Telephone	-	63	(63)
Bank charges	30	3	27
Repairs and maintenance	600	-	600
Total General and Administrative	<u>30,230</u>	<u>26,219</u>	<u>4,011</u>
 Total Natural Gas	 <u>\$ 206,015</u>	 <u>\$ 249,998</u>	 <u>\$ (43,983)</u>

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Compensation Paid to Elected Officials  
For the year Ended June 30, 2014

<u>Elected Official</u>	<u>Office</u>	<u>Salary</u>	<u>Term Expiration</u>
Eric Rusk	Mayor	\$ 10,875	December 31, 2016
Myron Brown	Alderman	3,900	December 31, 2016
Kenneth L. Marsh	Alderman	3,750	December 31, 2016
Ted P. Turner	Alderman	3,900	December 31, 2016
Charles Austin, Jr.	Alderman-at-large	3,900	December 31, 2016
Sherman R. Bell	Alderman	<u>3,900</u>	
		<u>\$ 30,225</u>	

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## OFFICES

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Retired  
Conrad O. Chapman, CPA\* 2006

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Eric Rusk, Mayor  
And the Board of Aldermen  
Town of Simmesport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simmesport, Louisiana (hereinafter, "the Town"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 19, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider

the deficiencies described in the accompanying schedule of current and prior year audit findings and corrective action plans as items 2013-001 (IC), 2014-001 (IC) and 2014-004 (IC), and to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and corrective action plans as items 2013-005 (IC), 2014-002 (IC), 2014-003 (IC), 2014-005 (IC), 2014-006 (IC) and 2014-007 (IC) to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which we described in the accompanying summary schedule of current and prior year audit findings as items 2013-003 (C), 2014-001 (C), 2014-002 (C), 2014-003 (C) , 2014-004 (C) and 2014-005 (C).

### **Town's Response to Findings**

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Marksville, Louisiana  
December 19, 2014

TOWN OF SIMMESPORT, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended June 30, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (6/30/2014)						
<u>Internal Control:</u>						
2013-001(IC)	6/30/2007	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.		The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Mayor, Eric Rusk	N/A
2013-005(IC)	6/30/2012	There is a lack of internal control over utility billing adjustments. There is no procedure in place to reconcile the adjustments entered into the billing software to the adjustments approved by the Mayor.		The Town will implement proper controls over billing adjustments.	Mayor, Eric Rusk	Immediately
2014-001(IC)	6/30/2014	Due to the small number of administrative personnel, the Town did not have adequate segregation of accounting functions.		We agree that a complete segregation of accounting functions would strengthen the controls, but with limited current financial resources, hiring additional personnel is not economically feasible.	Mayor, Eric Rusk	N/A
2014-002(IC)	6/30/2014	The Town recently sold land owned by the Town but did not have a formal policy regarding sale of Town property. The Town should adopt a formal policy governing property sales that includes a provision mandating formal appraisals prior to any sale of Town-owned property to ensure that fair market value is obtained in accordance with the requirement of the state constitution.		The Town will adopt a formal policy in accordance with the requirements of the state constitution.	Mayor, Eric Rusk	Immediately

(continued)

TOWN OF SIMMESPORT, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (6/30/2014)						
2014-003(IC)	6/30/2014	A lack of proper controls existed over utility collections. A daily reconciliation was not performed reconciling the amounts collected for utility services to the amounts posted as paid on customers' accounts.		Beginning in June 2014 the proper controls were implemented to help ensure that collections for services are deposited into the Town's bank account and that customers' accounts would not be credited if the amounts were not collected.	Mayor, Eric Rusk	Immediately
2014-004(IC)	6/30/2014	Disbursements are being made from cash collections before the funds are being deposited into the bank. Therefore not all cash collected is being deposited and not all disbursements are being recorded into the general ledger.		The town will record all receipts and disbursements in the general ledger and write checks for all expenses	Mayor, Eric Rusk	Immediately
2014-005(IC)	6/30/2014	There is no record that permits #2533-2539 were deposited into the Town's bank account.		The Town will implement internal controls over receipts collected.	Mayor, Eric Rusk	Immediately
2014-006(IC)	6/30/2014	Records regarding the breakdown of police fines indicating which portion is due to each state, parish, and federal agencies should be maintained. Payments should be remitted to the appropriate governmental entities periodically and timely. The last payment remitted to these agencies was in January 2013.		Payments will be remitted to the appropriate governmental on a regular basis.	Mayor, Eric Rusk	Immediately
2014-007(IC)	6/30/2014	The Town is not strictly enforcing the utility cutoff policy. There are some customers with balances due in excess of 120 days according to the utility system's accounts receivable aging summary.		The Town will enforce the 120 day cutoff policy	Mayor, Eric Rusk	Immediately

(continued)

TOWN OF SIMMESPORT, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (6/30/2014)						
<u>Compliance</u>						
2013-003(C)	6/30/2012	The General Fund ended the fiscal year with a deficit fund balance of \$12,562. Deficit spending is strictly prohibited by the Louisiana Local Budget Act (R.S. 39:1305), which prohibits spending in excess of funds available.		The Town will continue to closely monitor spending in order to recover deficit balance.	Mayor, Eric Rusk	Immediately
2014-001(C)	6/30/2014	As of June 30, 2014 the amount of funds on deposit with a local depositing authority were not properly secured . LSA-R.S. 39:1225 requires the amount of security to be equal to one hundred percent of the amount of collected funds on deposit except that portion of the deposits insured by FDIC. The local depositing authority had deposits of the town in excess of securities pledged equal to \$129,515 or 22% of total deposits.		Upon notification of the deficiency, the Town contacted the financial institution which immediately pledged securities to secure the funds on deposit. Also, procedures will be established to monitor bank balances and securities pledged reports on a monthly basis.	Mayor, Eric Rusk	Immediately
2014-002 (C)	6/30/2010	The special revenue fund budget was not amended in accordance with LSA-RS 39:1311(A)(1). Actual expenditures were 197% over budget.		A comparison of budget to actual amounts will be monitored more closely and amended when an unfavorable budget variance of 5% or more exists.	Mayor, Eric Rusk	Immediately

(continued)

TOWN OF SIMMESPORT, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (6/30/2014)						
2014-003 (C)	6/30/2014	The Town recently sold land owned by the Town but did not have a formal policy regarding sale of Town property. The Town should adopt a formal policy governing property sales that includes a provision mandating formal appraisals prior to any sale of Town-owned property to ensure that fair market value is obtained in accordance with the requirement of the state constitution.		The Town will adopt a formal policy in accordance with the requirements of the state constitution.	Mayor, Eric Rusk	Immediately
2014-004 (C)	6/30/2014	Required transfers were not made in accordance with the General Obligations Sinking Fund Requirements.		The Town will make the required transfers into Sinking Fund and Reserve Fund on a monthly basis.	Mayor, Eric Rusk	Immediately
2014-005 (C)	6/30/2014	Records regarding the breakdown of police fines indicating which portion is due to each state, parish, and federal agencies should be maintained. Payments should be remitted to the appropriate governmental entities periodically and timely. The last payment remitted to these agencies was in January 2013.		Payments will be remitted to the appropriate governmental on a regular basis.	Mayor, Eric Rusk	Immediately

(continued)

TOWN OF SIMMESPORT, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR 06/30/2013						
<u>Internal Control:</u>						
2013-001(IC)	6/30/2007	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	See current year finding #2013-001 (IC)		
2013-004 (IC)	6/30/2012	As noted in the prior year report, during the fiscal year ended June 30, 2013, the Town paid approximately \$12,000 in penalties for failure to make payroll tax deposits timely. The third and fourth quarter payments of 2012 were not deposited until January 2013.	Yes			
2013-005 (IC)	6/30/2012	An overall reconciliation of utility billings for the fiscal year ended June 30, 2013, reflected billing adjustments totaling over \$33,000 and charge-offs totaling over \$21,000. As commented in the prior year report, these adjustments continue to be excessive. The Town has implemented a procedure requiring the Mayor to approve all billing adjustments before they are entered into the computer however, the approval sheets are not being maintained in an orderly fashion and are not reconciled to the total adjustments in the computerized utility billing system.	No	See current year findings #2013-005 (IC)		

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TOWN OF SIMMESPORT, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR 06/30/2013						
<u>Internal Control</u>						
2013-006 (IC)	630/2012	The Town began using a debit card for certain transactions paid through the general clearing account several years ago. As commented in the prior year report, there is no policy in place for the use of the card. The bank account associated with this card is a dual signature account but use of the debit card does not require prior approval or dual authorization of any kind. Current year transactions reflect some transactions that may not be Town related or authorized by the appropriate authority. In addition, several of the debit card transactions were also reimbursed on the Mayor's expense reports as the receipts were turned in for reimbursement but had already been paid by the Town through the debit card. The total unauthorized or duplicate charges are approximately \$200 for the fiscal year ended June 30, 2013 and approximately \$150 subsequent to June 30, 2013, as of the date of this report.	Yes			

(continued)

TOWN OF SIMMESPORT, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR 06/30/2013						
<u>Compliance</u>						
2013-002 (C)	6/30/2010	Actual expenditures in the General Fund were within a 5% variance for the fiscal year, however, the overall unfavorable budget variance after taking into consideration the variance in revenues and transfers into the General Fund was greater than 15% of total expenditures for that fund. The General Fund had an overall unfavorable budget variance of \$120,897 expenses exceed budgeted expenses by \$230,781 or 36%. In the Sales Tax Fund, the expenditures were 51% over budget however the sales tax fund had an overall favorable budget variance of \$36,943. These variances are in violation of the Louisiana Local Government Budget Act (R.S. 39:1301-1316).	Yes			
2013-003 (C)	6/30/2012	The General Fund ended the fiscal year with a deficit fund balance of \$211,047. Deficit spending is strictly prohibited by the Louisiana Local Budget Act (R.S. 39:1305), which prohibits spending in excess of funds available.	No	See current year finding #2013-003 (C)		